



5093

Testimony from Morgan Sheets on HB 5093

Good morning, Chairman Crisco, Chairman Fontana and members of the Joint Committee on Insurance and Real Estate. My name is Morgan Sheets. I am the National Advocacy Director for the Amputee Coalition of America. The ACA is the leading national organization serving the needs of people of all ages living with the loss or absence of limbs. We have members, industry partners, peer visitors and support group leaders throughout the state of Connecticut.

Almost two million Americans are living with limb loss or limb deficiency as a result of disease, trauma or birth defect. As the emerging public health crisis of diabetes continues to escalate, so will the number of amputations.

In return for premiums paid for group health insurance, consumers expect to be covered for catastrophic illness or injury. Sadly, without legislation to ensure coverage, many people living with the loss or absence of a limb are facing discouraging obstacles when trying to obtain prosthetic care. Current changes in Insurance plans are having a devastating effect on amputees and their families.

In a recent poll of our members, we found that insurance coverage was reduced for 29 percent of respondents and eliminated for 8 percent of respondents.

In a national survey, we found at least 38 of the major insurance carriers were imposing limitations and restrictions on care including but not limited to: a cap of one prosthesis per lifetime, a cap of \$2,500, an exclusion of coverage for repairs or adjustments and a requirement of a 50% co-pay by the individual. The myopic focus on the so-called bottom line by many insurance companies is making basic and necessary care cost prohibitive for many amputees in the state of Connecticut. This is not only just plain wrong, it is bad policy.

Obviously, the biggest concern anybody has about passing a new mandate is cost. People fear that big jumps in the cost of insurance will reduce access to health care. None of us want to see health insurance costs pushed beyond the reach of the average consumer. Several states have conducted cost estimate studies. They found that the cost of providing prosthetic care was nominal in relation to the impact on the lives of people with limb loss and the savings in long term medical costs.

The data is there. It demonstrates that provision of care is low cost. In addition, the state would actually save money. Currently, insurance companies are receiving the premiums from individuals, but when the coverage is denied amputees are accessing state Medicaid and vocational rehabilitation programs to get the prosthesis they need.

Without appropriate prosthetic care amputees are at risk of developing dangerous and costly secondary conditions. The subsequent cost to the healthcare system far exceeds that of providing prosthetic care, while the lack of productivity places a huge burden on society.

The public supports parity legislation. The public expects to be covered if they lose a limb to accident or trauma. We have widespread support from individuals and organizations including the American Diabetes Association. The ADA has a long history of advocating for legislation to improve the quality of life of individuals in this state. Furthermore, parity legislation has received strong support from both Democrats and Republicans in state legislatures throughout the country. This is not a partisan issue. It is an issue of access to care and consistency for coverage.

This not just another mandate. Unlike many bills designed to expand coverage for a health care service, prosthetic parity legislation will not increase utilization. No one is going to cut their arm or leg off to access this benefit. This is about giving amputees receiving coverage in your state through either private insurance or state administered programs the care that they need to reach their full potential.

What do insurance companies say about prosthetic parity bills?

- They say, "Let the market determine what benefits to provide under any given policy." The very reason the number of mandates you have to consider has risen is because the health insurance "market" is not being responsive. We have evidence of companies asking for prosthetic coverage and not being able to obtain it.
- In addition, the "choice" they speak of is illusory. HR departments don't understand that prosthetics are under DME and the insurance industry fails to educate them.
- We've heard health insurers say that if this bill passes, "Everyone will get a the most expensive, computerized prosthetic device". This is simply not true. It certainly has not been true in any of the states that have passed these bills since 2001. The average cost of all prosthetics taken in the aggregate in 2005 was \$8,360.00.
- The insurance industry loves to put out actuarial assumptions that portend vast increases of future costs. We have never seen a projection that takes into account the declining cost of technology. Look at the actual experience of states passing this legislation. None of the concerns raised by the insurance industry have come to pass.
- They say "we are already providing prosthetic coverage". Providing a couple thousand dollars per year does not meet the needs of amputees in Connecticut. This does not cover the cost of a single device. This is especially tough for bilateral amputees and the parents of children with limb loss who will need to update their device as they grow.

People expect to be covered if they should need a prosthesis. You would not tell someone they can have one heart attack per lifetime or \$1500 of stroke care. It is just as ludicrous to impose arbitrary limits on care to replace a limb. Prosthetic parity legislation requires that prostheses are treated the same as other basic, essential care in private insurance plans.

There are financial and social benefits of prosthetic coverage. There are a number of reports that have been released related to the low cost and potential savings of prosthetic provision. But it is the stories of real people who are fighting to get the care they need to remain contributing members of society that are the strongest demonstration of the need for this legislation.

This is an opportunity to ensure that people with limb loss in Connecticut are given the care they need to remain contributing members of society instead of dependant on it. I hope you will recommend moving this bill forward. Thank you for your time.

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Evaluation of the Impact of House Bill 5093

Demographics: The prevalence rate for amputation is 4.9 per 1,000 persons. Given this rate, there are an estimated 17,173 amputees in the state of Connecticut. The U.S. Census Bureau estimates that about 13.4% of the Connecticut population are over 65 and therefore eligible for Medicare (about 2301 amputees). The federal Medicare program already provides comprehensive coverage for prosthetic care.

According to the Employee Benefit Research Institute, Connecticut has an even higher proportion of the non-elderly population with private insurance coverage than the national average.

Approximately 80 percent have health care coverage. About 75 percent obtained coverage through an employer, either their own (40 percent) or a family member's (35 percent). Nearly 10 percent of Connecticut residents under age 65 received coverage through a public program, the largest of which is Medicaid.

Additionally, about 45% of private plans are regulated in state with the remaining 55% falling under the federal ERISA regulations. Given these statistics, about 5,019 of the non-elderly amputees would be impacted by House Bill 5093.

While this is a small segment of the population, the current situation impacts a much larger population due to loss in wages and the cost shifting from private to public care. Furthermore, the impact of the proposed legislation would make a dramatic improvement in the lives of individual amputees.

Current Climate Related to Prosthetic Care: The purpose of this bill is to overcome restrictions and exemptions that are being imposed by companies related to prosthetic care. While many companies are covering prostheses, we have seen a trend in restricting or eliminating coverage. Restrictions include financial caps such as \$1,000 in coverage per year. Some companies provide only one prosthesis per lifetime. Others have cut coverage for repairs or replacement devices.

It should be noted that the current challenges with prosthetic coverage may prevent many amputees from accessing prosthetic care. Two of the primary reasons for curtailed or limited use of a prosthesis are stump irritations or sores. This often happens with an ill-fitting or worn device. Without appropriate coverage, many amputees are forced to wear a device that has worn down or does not fit them properly.

The Cost and the Benefit of Prosthetic Provision: The cost of a prosthesis is very low in relation to a large insurance pool in which reimbursements are being made for things like bypass surgery or a hip replacement. However, without insurance coverage, many amputees are unable to afford to cover the entire expense of a prosthetic device.

When people discover that prosthetic care isn't covered, they may be forced to use retirement or children's college savings to buy a prosthesis. Some take out home mortgages, bank loans, or even use high interest credit cards to get their prosthesis.

There are a number of private foundations that provide assistance, but these are only for the most severe cases of poverty and need. That leaves your working population and middle class families without assistance when their insurance company denies coverage.

Without prosthetic care, many individuals will lead a more sedentary lifestyle. This leads to countless secondary complications.

- The incidence of diabetes-related complications is increasing. Medications for these conditions can cost up to \$100 per month. If someone becomes an amputee at age 55 and lives to be 77, that's \$264,000.
- If someone suffers a heart attack due to peripheral vascular disease, surgical treatment and hospitalization can cost from \$75,000 to \$200,000, depending on procedures used and the patient's lifespan.
- If a person develops knee or hip problems from being unable to walk correctly, resulting costs can range from \$80,000 to \$150,000 or more over a lifetime, depending on the care that is needed.

- Crutch overuse can cause wrist, elbow and shoulder problems. The cost for a simple carpal tunnel wrist surgery averages about \$7,500; elbow surgery averages \$16,000 and shoulder surgery averages \$25,000.

If amputees are prevented from accessing the care they need to be productive members of society, it may lead to complications such as flexion contractures, skin breakdown, osteoporosis, muscle loss, and depression, along with costs associated with nursing home and/or home care. The subsequent cost to the healthcare system far exceeds that of providing prosthetic care, while the lack of productivity places a huge burden on society.

The provision of prosthetic services should be viewed as restorative. Other states have found that curtailing or eliminating these vital services have actually cost them more money in the long run. Prosthetic coverage laws returned people to work and saved money for the states passing it.

The provision of prostheses results in a variety of benefits, some of which are fiscal in nature; some of which are more related to quality of life issues, which are less measurable.

Non-fiscal benefits include a reduction in the secondary conditions caused by a sedentary lifestyle, decreased dependence on caretakers, and reduced chance of diabetic-related complications leading to additional limb amputation.

The cost of these secondary conditions on the health care system far outweighs the cost of covering the prosthesis. Furthermore, the provision of prosthetic services should be viewed as restorative. Other states have found that curtailing or eliminating coverage of these vital services actually cost them more money in the long run.

In summary, the state actually saves money in the long run.

Data Supports Parity Legislation: We have studies from several other states including Texas, Massachusetts, Colorado, California, Virginia, Texas, Nebraska, Maine and New Jersey.

Summary:

- The increase in premiums would be about 12 to 25 cents per member per month.
- There would also be a cost savings in both the private and public sector due to savings in spending on complications related to a lack of prosthetic care. The public sector would also save money in Medicaid and vocational rehabilitation dollars.
- The provision of prostheses results in a variety of benefits, some of which are fiscal in nature; some of which are more related to quality of life issues, which are less measurable.

Regarding Utilization: Without proper coverage, prostheses are out of reach for many amputees at this time. By requiring that prosthetic care is covered, all those who are covered under private insurance would be able to access appropriate care to fit their needs. However, unlike many bills designed to expand coverage for a health care service, prosthetic parity legislation will not increase utilization.

Many bills that provide coverage for care will result in more people accessing the care such as a bill that covers mental health services. No one is going to try to access this care merely because it is now available. The way that we often explain this is that no one is going to cut off their arm or leg in order to access a prosthetic coverage benefit.

In summary, prosthetic coverage would increase the availability, but not the utilization of prosthetic devices.



Costs Savings Associated with Prosthetic Parity

The provision of prosthetic services should be viewed as restorative. Many states have found that curtailing or eliminating coverage of these vital services actually cost them more money in the long run.

OVERVIEW: Insurance companies are shifting the cost of care to the state. They receive the premiums from individuals, but when the coverage is denied amputees are accessing state Medicaid and vocational rehabilitation programs to get the prosthesis they need. For many people, lack of access to care may result in losing their job. This has a financial impact on the individual and their family. It also results in a loss of tax revenue. Furthermore, the insurance companies aren't taking a long-term look at the actual costs to them.

If amputees are prevented from accessing prostheses, this increases health care costs due to complications. The subsequent cost to the healthcare system far exceeds that of providing prosthetic care, while the lack of productivity places a huge burden on society. The cost of these secondary conditions on the health care system far outweighs the cost of covering the prosthesis.

The provision of prostheses results in a variety of benefits, some of which are fiscal in nature; some of which are more related to quality of life issues, which are less measurable. Non-fiscal benefits include a reduction in the secondary conditions caused by a sedentary lifestyle, decreased dependence on caretakers, and reduced chance of diabetic-related complications leading to additional limb amputation.

The Virginia Joint Legislative Audit Review Commission (JLARC) is a non-partisan, governmental body in the state of Virginia. They reviewed the VA parity legislation. They included a number of comments related to the savings associated with appropriate prosthetic provision. They also stated that, "the impact on premiums charged to customers would be minimal and less than the estimated premium impact of other healthcare mandates."

Excerpts from the JLARC study

"The availability of prosthetic devices can improve the physical and psychological functioning of persons with amputations, injuries, and congenital physical disabilities by enabling them to exercise and perform other activities of daily life. In addition, most amputees with prostheses return to some form of work and show a reduction in secondary conditions that can result from their disability."

"Qualitative data suggests that use of prosthetic devices increases the quality of life for the user. This has the potential to reduce the cost of additional complications or amputations, as well as the incidence of compounding disease related to increased sedentary lifestyle."

"Mandating coverage may reduce the overall costs of health care due to a reduction in secondary complications."

"In many cases, a prosthesis may serve as an alternative to the individual being wheelchair bound, which may lead to additional medical complications, such as skin breakdown, osteoporosis, muscle loss, and depression."

"Mandating this coverage will not reduce the incidence of precursor events resulting in the need for a prosthetic. However, individuals enrolled in plans that do not offer prosthetics coverage or those with low annual caps or high co-payments, may be unable to afford to cover the entire expense of a prosthetic device. Without prosthetic care, many individuals will lead a more sedentary lifestyle which may lead to secondary complications depending on procedures used and the patient's lifespan, including

- costs of medications for diabetes-related complications;
- instances of heart attack due to peripheral vascular disease, for which surgical treatment and hospitalization can cost from \$75,000 to \$200,000;
- development of knee or hip problems from being unable to walk correctly, for which surgery can cost from \$80,000 to \$150,000 or more; and
- crutch overuse leading to wrist, elbow and shoulder problems, which can cost between \$7,500 and \$25,000."



Prosthetic Parity: State by State

The ACA is proud of the progress we have made in advancing bills in state legislatures throughout the country. With the help of partners like Hanger Orthopedic, there are now eleven states with laws on the books. In 2008, we were also successful in getting legislation introduced in both chambers of the US Congress with strong, bipartisan support.

As legislative sessions commence throughout the country, we look forward to continuing to advance legislation aimed at ensuring that amputees get the care they need to lead independent, active lives.

Bills Passed (11): Colorado, Maine, New Hampshire, California, Massachusetts, Rhode Island, Oregon, New Jersey, Indiana, Vermont, and Louisiana

2009 Bills (9):

- ✓ Maryland, SB 341
- ✓ Connecticut, HB 5093
- ✓ Iowa, SB 1019 and SB 1122
- ✓ Nebraska, LB 149
- ✓ North Dakota, SB 2272
- ✓ Texas, SB 26, HB 806 and HB 844
- ✓ Utah, HB 89
- ✓ Virginia, SB 1116 and HB 1977
- ✓ Michigan, HB 4007 and HB 4009

Introduction Pending (10): These bills have been drafted. We are working to secure introduction. We are confident that legislation will be advanced in these states in 2009.

- ✓ Illinois
- ✓ Georgia
- ✓ Kansas
- ✓ Kentucky
- ✓ Missouri
- ✓ Alabama
- ✓ Pennsylvania
- ✓ Tennessee
- ✓ Wisconsin
- ✓ Arkansas

Additional states are working towards the introduction of prosthetic parity bills in upcoming years. We will also continue to push for federal legislation.



Prosthetic Coverage: Getting the Facts

Background: There are currently more than 1.7 million people in the United States living with limb loss. Every year, there are more than 130,000 people in the United States who undergo amputation. This number does not include our returning veterans who have suffered amputations while serving overseas.

Prior to 2000 all commercial carriers covered prosthetics without caps and/or restrictions. We started to see a shift in how prosthetic care was covered after that. That is when the first parity bill was launched and passed in Colorado. Year after year, we have seen an increase in the number of plans that restrict coverage for prostheses.

Who currently provides coverage for prosthetic devices?

Veteran's Administration, the Department of Defense, Automobile Insurance, Workmen's Compensation Insurance, Medicare, Medicaid, State Children's Health Insurance Program (SCHIP), state vocational rehabilitation and some private insurance policies.

The problem is that a growing number of group and private insurance companies cap the benefit so low that the average working family can't afford a prosthesis. Other insurance companies are creating lifetime caps or eliminating coverage completely.

How will HB 5093 change the law?

This bill requires coverage for prosthetic devices that is equal to coverage provided for medical or surgical benefits under insurance policies, the Medicaid program and other state-administered health care programs.

What will this bill do?

- It will make certain that insured, working people can continue supporting their families.
- It will ensure that the tragedy of children living without a limb is not compounded by forcing them to spend the rest of their childhood in a wheelchair when help is readily available.

What will it cost the average, privately insured individual?

Reports have been put out in Texas, Maine, Massachusetts, Colorado, California, New Jersey, Virginia, and Nebraska. Studies have shown that appropriate prosthetic coverage would add only 12¢ to 35¢ per month to insurance premiums.

What does a family do when a family member is recovering from the loss of an arm or a leg and they are told that their insurance will not cover the cost of a prosthesis?

In return for premiums paid for group health insurance, consumers expect to be covered for catastrophic illness or injury. When they don't have adequate coverage, families often go into serious debt. They mortgage homes, get bank loans, use college and retirement savings or cost-shift to the state to get a prosthesis from Medicaid.

Is it true that providing prosthetics can actually save the state money?

YES! The public sector will see cost savings because appropriate private insurance coverage prevents cost shifting to the public sector. Cost savings can also be expected in unemployment insurance, state employment and training programs, rehabilitation and counseling programs and other social welfare systems. It is estimated that every dollar spent on rehabilitation, including prosthetic care, saves more than \$11 in disability benefits.

Nonfiscal benefits include a reduction in the secondary conditions caused by a sedentary lifestyle, less dependence on caregivers, and lowered risk of diabetes-related complications that can lead to additional amputation. In addition, this segment of the population can continue to be contributing members of society instead of becoming dependent on it.



Survey of Prosthetic Coverage Restrictions in Connecticut

Patient Initials	Amputation Level	Insurance Company	Coverage Restrictions	Coverage Exclusions	Co-Pays
JD	BK	Aetna	Need LOMN with every claim	L5782 not covered	0
EK	AK	Anthem Blue Cross	L8480 is not covered	100%	0
GF	BE	Anthem Blue Cross	90% ; \$850 out of pocket	L7510 not covered	10%
LS	BE	Anthem Blue Cross	80% with authorization	None	20%
WG	AK	Anthem Blue Cross	50% coverage unlimited maximum	None	50%
BK	Bilat BK	Cigna	\$200 deductible; \$1,000 maximum per year		
FM	BK	Cigna	\$2,500 out of pocket		10%
GD	BK	Cigna	\$25,000 maximum per year (after \$500 deductible)		20%
JS	Symes	Cigna	\$1,000 maximum per year		
KM	AK/BK	Cigna	\$1,500 maximum per year		
EL	BK	Community Health	100%; over \$500 need authorization	None	0
JC	BK	Community Health	100%; over \$500 need authorization	None	0
DH	BK	Connecticare	\$100 deductible; \$1,500 maximum per year		
WV	HD	Connecticare	\$1,500 maximum per year		
PC	BK	CT Care	\$1,500 maximum per year	Authorization required	20%
SH	AK	GreatWest	\$250 deductible, \$5 mill lifetime maximum	Authorization needed over \$500	20%
MP	BK	HealthNet	\$5,000 maximum with 100%; external prosthetics \$300 maximum on repairs	Codes need authorization	0
RJ	AK	HealthNet	80% coverage	None	20%
RM	BK	HealthNet	100% up to \$300.00 per year		0
TH	BK	HealthNet	\$5,000 major limb maximum \$500 replace maximum	All codes need authorization	0
BF	AK/BK	John Alden / NE Direct Health	\$1000 deductible 80% until \$1,500 out of pocket		

LE	BK	Mcr (Primary), Aetna (Secondary)	Aetna 80%; \$100 deductible; \$1,000,000 lifetime maximum		20%
RM	BK	Mcr (Primary), BCBS (Secondary)	BCBS 50% after MCR		20%
RT	BK	Mcr (Primary), BCBS (Secondary)	BCBS: \$250 deductible; \$1,500 out of pocket. No Max 80% after MCR.		20%
WW	BK	Mcr (Primary), HealthNet (Secondary)	50% ; \$1,500 maximum		20%
MS	BK	PHCS PPO	\$5,000 prosthetic coverage per year; 90%; \$250 deductible. \$500 out of pocket		10%
SH	BK	United Healthcare (Primary), Mcr (Secondary)	\$50,000 lifetime maximum, \$1,000 deductible	None	20%